

**MEDICAL BOARD OF CALIFORNIA
DEPARTMENT OF CONSUMER AFFAIRS**

FINAL STATEMENT OF REASONS

Hearing Date: May 12, 2006

Sections Affected: 16 CCR 1351.5 and 1352

Updated Information

The Initial Statement of Reasons is included in the file.

1. The information contained in the Initial Statement of Reasons is updated as follows: The board initially estimated an increase of \$15.50 for each license issued and for the biennial renewal, with the understanding that the figure would be re-calculated at the close of FY 05-06.

At the end of the hearing in May, a motion was made and passed to delegate authority to the Executive Director to adopt the rulemaking with a modified fee (calculated after the close of FY 05/06) after the expiration of a 15-day public comment period if there are no adverse comments.

Investigative Cost Recovery Income:

FY 03/04 = \$ 884,685

FY 04/05 = \$1,018,838

FY 05/06 = \$ 642,197

Three Year Total = \$2,545,720

Annual Average = \$ 848,573

The Medical Board's annual paid renewal population is 52,500 licensees. The fee increase will impact all of these licensees. The remainder of the Board's renewals are fee exempt.

In calculating figures for the **first modified text**, the Medical Board used the above numbers to calculate an increase for the initial license fee and the renewal fees. The average annual amount collected for investigative cost recovery during this three year period is \$848,573. This amount, divided by the Medical Board's current approximate 52,500 annual paid renewal population, equals \$16.16 per licensee, paid every other year. (The Medical Board rounded down this figure to \$16.00.) Since our renewal cycle is biennial, the annual cost was determined to be half that amount, or \$8 each year.

However, after the close of that 15-day comment period, the Medical Board realized that the previous calculations had not considered the applicants who received their initial license each year. During the last year, there were about 1,950 initial licensees who

paid the full license fee and about 3,300 initial licensees who were eligible for the reduced fee, the later based on current enrollment in an approved postgraduate training program. (The 3,300 licensees who paid the reduced fee are equivalent to 1,650 persons paying the full license fee.) Thus, 3,600 additional licensees would be added to the 52,500 renewals, equaling 56,100 persons.

Thus, to determine the language for the **second modified text**, the average annual amount collected for investigative cost recovery during this three year period (\$848,573) divided by the 56,100 persons counted (previous paragraph) equals \$15.13 per licensee, paid every other year. (The Medical Board has rounded down this figure to \$15.00.) Since our renewal cycle is biennial, the annual cost to each licensee is half that amount, or \$7.50 each year.

2. The information contained in the Initial Statement of Reasons is updated as follows: The Notice to this rulemaking included a statement that “The objective [of the rulemaking] is to ensure the fiscal solvency of the Board.” More accurately stated, the objective of this rulemaking to remain revenue neutral despite the loss of the cost recovery income.

Local Mandate

A mandate is not imposed on local agencies or school districts.

Small Business Impact

This regulation will not have a significant adverse economic impact on businesses.

Consideration of Alternatives

No reasonable alternative which was considered or that has otherwise been identified and brought to the attention of the board would be either more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed regulation.

Objections or Recommendations/Responses

There were no objections or recommendations regarding the proposed action, whether during the original 45-day comment period nor during either 15-day comment period for the modified text.